

## **FISCAL NOTE**

### **HB 802 - SB 1517**

April 12, 2001

**SUMMARY OF BILL:** Changes the effective date of amending provisions of Uniform Commercial Code Revised Article 9 (2000 Tennessee Public Acts, Chapter 846) from July 1, 2001 to January 1, 2002.

#### **ESTIMATED FISCAL IMPACT:**

**Increase Local Govt. Revenues - Exceeds \$15,000 One-Time 07/01/01 - 01/01/02**

**Forgo State Revenues - Exceeds \$15,000 07/01/01 - 01/01/02**

**Increase State Expenditures:**

**Less than \$100,000 Recurring/Highway Fund 07/01/01 - 01/01/02**

**Less than \$100,000 Recurring/All Other State Agencies 07/01/01 - 01/01/02**

**Increase State Revenues - Exceeds \$60,000 07/01/01 - 01/01/02**

**Decrease Local Govt. Revenues - Exceeds \$60,000 07/01/01 - 01/01/02**

**Increase Local Govt. Revenues - Exceeds \$60,000 07/01/01 - 01/01/02**

Estimate assumes:

- A one-time increase in local government revenues from increasing the UCC filing fee from \$12 to \$15 is estimated to be approximately \$15,000 for the period July 1, 2001 to January 1, 2002. This is based on approximately 10,000 UCC filings per year (5,000 for the six-month period) in all Register of Deeds offices. Further, it is estimated that the Secretary of State will forgo the collection of \$15,000 in revenues from changing the effective date of this provision from July 1, 2001 to January 1, 2002. After January 1, 2002, these UCC filing fees will be collected by the Secretary of State's office along with those UCC filing fees presently being collected by the Secretary of State's office.
- An increase in state expenditures to the Highway Fund due to an increase in filing or recording fees paid to the Register of Deeds in each county by the Department of Transportation. Such increase in state expenditures to the Highway Fund is estimated to be less than \$100,000.
- An increase in state expenditures due to an increase in filing or recording fees paid to the Register of Deeds in each county for all other state agencies (excluding the Department of Transportation) that make land transfers. Such increase in state expenditures is estimated to be less than \$100,000.
- The current UCC filing fees and indebtedness tax remain essentially the same under the changes that were made to Article 9 of the Uniform Commercial Code with the passage of Public Chapter 846 of the Acts of 2000. However, there will be a shift of revenues collected from the

**HB 802 - SB 1517**

county to the state level due to filing location changes. Such shift in revenues (increase in state revenues with a corresponding decrease in local government revenues) cannot be determined but can reasonably be estimated to exceed \$60,000 for the period of July 1, 2001 to January 1, 2002.

- The increase in local government revenues from increasing other filing fees will offset the reduced local (Register of Deeds) revenues and earmarked retirement fund contributions due to the shift in UCC filings from the local to the state level. Such increase in local government revenues cannot be determined but can reasonably be estimated to exceed \$60,000 for the period of July 1, 2001 to January 1, 2002.
- This reflects the fiscal impact from delaying implementation of the amending provisions of UCC Revised Article 9 to January 1, 2002.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with a large, stylized initial "J".

James A. Davenport, Executive Director